
SUBSTITUTE SENATE BILL 5659

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Water, Energy & Environment (originally sponsored by Senators Pridemore, Morton, Hewitt, Poulsen, Honeyford, Mulliken, Fraser, Rockefeller, Regala, Sheldon, Keiser, Kline, Rasmussen, Oke and Kohl-Welles)

READ FIRST TIME 02/23/05.

1 AN ACT Relating to renewable energy tax credits; adding a new
2 section to chapter 82.16 RCW; and creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that:

5 (1) Washington's utilities have been historical leaders in
6 developing low-cost renewable hydroelectric energy, greatly benefiting
7 the state economy;

8 (2) Washington has a long tradition of energy policies that support
9 renewable resource development. These policies, which include
10 financial incentives, have stimulated economic development, encouraged
11 the development of renewable resources within the state, and protected
12 the environment;

13 (3) Continuing and expanding financial and other incentives will
14 stimulate the market for renewable energy technologies and renewable
15 resources, helping to diversify the energy resources used to serve
16 Washington's consumers while hedging against future fuel price risk;

17 (4) Fuel diversity, economic, and environmental benefits from
18 renewable resources accrue to the public at large, and therefore it is

1 the policy of the state of Washington to encourage consistent
2 development of these resources to meet the state's electricity demand
3 and stabilize electricity prices.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
5 to read as follows:

6 Subject to the limitations of this section, beginning January 1,
7 2006, a light and power business may take a credit each fiscal year
8 against the tax imposed under this chapter.

9 (1) A light and power business subject to tax under this chapter is
10 eligible for a credit against the tax owed if the business contracts
11 for the purchase of or generates a renewable resource for distribution
12 and sale to its retail customers.

13 (2) The credit is equal to 0.003 dollars per kilowatt hour times
14 the number of kilowatt hours of a renewable resource purchased or
15 generated by a light and power business and distributed to its retail
16 customers.

17 (3) If a light and power business purchases, or otherwise possesses
18 and retires renewable energy credits without purchasing the
19 corresponding renewable resource, the business is eligible for a credit
20 equal to 0.001 dollars per kilowatt hour times the number of kilowatt
21 hours equivalent of the renewable energy credits.

22 (4) Credits under this section shall be allowed for a period not to
23 exceed ten years after the renewable resource generating facility from
24 which the renewable resource or renewable energy credit originates is
25 placed in commercial operation and shall only be prospectively applied
26 to renewable resources or renewable energy credits generated or
27 purchased after the effective date of this act.

28 (5) The department, after consultation with the utilities and
29 transportation commission in the case of investor-owned utilities and
30 the governing bodies of consumer-owned utilities, shall determine the
31 eligibility of individual projects for credits under this section.

32 (6)(a) A light and power business shall not receive a tax credit
33 under this section when the business also receives credit or funding
34 for those same renewable resources under a renewable resource standard
35 established by legislation in another state or if that facility has
36 received funding from a system benefit charge from another state.

1 (b) When applying for credits under this section, a light and power
2 business shall report to the department any credit or funding received
3 under (a) of this subsection.

4 (7) The application for credit shall be in a form and manner
5 prescribed by the department and may require certification, by the
6 utilities and transportation commission for investor-owned utilities
7 and by their governing bodies for consumer-owned utilities, that the
8 source of electricity meets the definition of a renewable resource
9 contained in this act.

10 (8) The following definitions apply throughout this section:

11 (a) "Commission" means the Washington state utilities and
12 transportation commission.

13 (b) "Consumer-owned utility" includes a municipal electric utility
14 formed under Title 35 or 35A RCW, a public utility district formed
15 under Title 54 RCW, an irrigation district formed under chapter 87.03
16 RCW, a cooperative formed under chapter 23.86 RCW, a mutual corporation
17 or association formed under chapter 24.06 RCW, a port district formed
18 under Title 53 RCW, or a water-sewer district formed under Title 57
19 RCW, that is engaged in the business of distributing electricity to one
20 or more retail electric customers in the state.

21 (c) "Governing body" means the elected board of directors of a
22 corporation or the city council, commissioners, or other elected
23 decision-making board of any consumer-owned utility.

24 (d) "Investor-owned utility" means a privately owned light and
25 power business regulated by the Washington utilities and transportation
26 commission under Title 80 RCW.

27 (e) "Pacific Northwest" has the same meaning as defined in section
28 3 of the Pacific Northwest electric power planning and conservation
29 act, P.L. 96-501 (16 U.S.C. Sec. 839; 94 Stat. 2698).

30 (f) "Renewable energy credit" means a tradable certificate of
31 proof, not yet retired, of either one megawatt hour or one kilowatt
32 hour, as appropriate, corresponding to an equivalent amount of a
33 renewable resource that is: (i) Not powered by fresh water; and (ii)
34 qualified as a renewable energy credit from a renewable energy credit
35 program identified by the department of community, trade, and economic
36 development or the western governor's association.

37 (g) "Renewable resource" means electricity generated by an electric
38 generation facility or the expanded portion of an electric generation

1 facility that is located in the Pacific Northwest, where the facility
2 or expansion commences operation after July 1, 2005, and before July 1,
3 2015, and where the new or expanded electric generation facility is
4 fueled by: (i) Wind; (ii) solar energy; (iii) geothermal energy; (iv)
5 landfill gas; (v) biomass energy based on animal waste or solid organic
6 fuels from wood, forest, or field residues, or dedicated energy crops
7 that do not include wood pieces that have been treated with chemical
8 preservatives such as creosote, pentachlorophenol, or copper-chrome-
9 arsenic; (vi) wave or tidal power; (vii) gas from sewage treatment
10 facilities; or (viii) water that flows through hydroelectric generating
11 facilities in water supply pipes or irrigation pipes or canals that are
12 located in the state of Washington and that do not result in any new
13 water diversions.

14 (h) "System benefits charge" means a state legislative or
15 regulatory standard requiring electric utilities to invest a specified
16 portion of their annual retail revenues in renewable energy,
17 conservation and efficiency, or other designated public benefits.

18 NEW SECTION. **Sec. 3.** On or before December 1, 2007, and every two
19 years thereafter, the department shall submit a report to the
20 legislature on the amount of incentives provided for renewable
21 resources, the amount of renewable resources produced by each type of
22 renewable resource generation facility, the name and location of each
23 generating facility, and the participating electric utilities.

24 NEW SECTION. **Sec. 4.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

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